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OFFICE OF INTERNATIONAL
CORPORATE FINANCE

L'OREAL
International Financial Information Department

17th July, 2005



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Office of International Corporate Finance
Division of Corporation Finance
Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549
UNITED STATES OF AMERICA

SUPPL

Re: L'Oréal S.A. -- File No. 82-735

Ladies and Gentlemen:

L'Oréal S.A., a *société anonyme* incorporated under the laws of the Republic of France, hereby furnishes one copy of the following information pursuant to Rule 12g3-2(b) under the Securities and Exchange Act of 1934:

News Release: First-half sales

Very truly yours,

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THOMSON
FINANCIAL

The International Financial
Information Director

Jean-Régis CAROF

Jul 21/21

FIRST HALF 2006 SALES:

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7.8 BILLION EUROS, UP BY + 8.7 %.

OFFICE OF INTERNATIONAL
CORPORATE FINANCE

UPTURN IN GROUP'S GROWTH CONFIRMED

SIGNIFICANT GROWTH IN WESTERN EUROPE

HIGH GROWTH MAINTAINED IN NEW MARKETS

CONFIDENCE ABOUT OUTLOOK FOR 2006 RESULTS

The sales of the L'Oréal group, at June 30th 2006, amounted to 7.785 billion euros, an increase of + 8.7 %. Currency fluctuations had a positive impact of + 2.4 %. Growth excluding exchange rate impact amounted to + 6.3 %.

The net impact of changes in consolidation was + 0.5 %, mainly as a result of the acquisition of Skinceuticals and Delial in 2005.

Like-for-like, i.e. based on a comparable structure and identical exchange rates, the increase in the group's sales amounted to + 5.8 % at June 30th 2006.

Commenting on the figures, Mr Jean-Paul AGON, Chief Executive Officer of L'Oréal, said:

"The increase in our sales up to the end of June is very encouraging and confirms the clear upturn in the group's growth, particularly in Western Europe. Furthermore, high growth rates have been recorded in the new markets such as Latin America and Eastern Europe. The major launch programmes and promotional activities scheduled for the second half-year should enable us to maintain this momentum. All these factors mean that we are very confident about the outlook for the 2006 results".

Cosmetics sales growth
by operational division and geographic zone

	1st half 2006		
	€m	Growth	
		Like-for-like	Reported
<u>By operational division</u>			
Professional Products	1,070	+ 2.7 %	+ 4.7 %
Consumer Products	4,077	+ 5.8 %	+ 8.2 %
Luxury Products	1,786	+ 6.1 %	+ 9.4 %
Active Cosmetics	653	+ 11.6 %	+ 16.6 %
Cosmetics total	7,633	+ 5.8 %	+ 8.6 %
<u>By geographic zone</u>			
Western Europe	3,671	+ 3.7 %	+ 3.9 %
North America	1,965	+ 3.8 %	+ 9.5 %
Rest of the World, of which:	1,997	+ 12.0 %	+ 17.5 %
- Asia	740	+ 6.3 %	+ 10.8 %
- Latin America	481	+ 16.2 %	+ 28.0 %
- Eastern Europe	411	+ 21.9 %	+ 26.7 %
- Other Countries	365	+ 8.9 %	+ 10.1 %
Cosmetics total	7,633	+ 5.8 %	+ 8.6 %
Dermatology ⁽¹⁾	152	+ 7.9 %	+ 11.6 %
Group total	7,785	+ 5.8 %	+ 8.7 %

(1) Group share, i.e. 50%

The **Professional Products Division** recorded a like-for-like growth rate of + 2.7 % and + 4.7 % based on reported figures, with positive scores in Western Europe and strong expansion in the Rest of the World. In the United States our brands achieved high sell-through ; inventory reduction in professional distribution to hair salons, which was substantial in the first quarter, returned to a more moderate level in the second quarter. L'Oréal Professionnel benefited from the launches of the *Play Ball* and *Hair Mix* styling ranges, and of the haircare line *Série Expert Lumino Contrast* for hair with highlights. Kérastase very successfully relaunched its *Nutritive* range. Redken launched the haircare line *Blonde Glam* and a new hair colourant *Shimmer One*. Matrix launched a new range, *Matrix for Men*.

The **Consumer Products Division** achieved a like-for-like growth rate of + 5.8 % and + 8.2 % based on reported figures. Western Europe confirmed its good start to the year.

North America remained dynamic despite inventory reductions by some major customers, and the growth rate in the Rest of the World was double-digit. L'Oréal Paris made progress thanks to the success of *Elsève* haircare products, *Revitalift* and *Combleur Collagène* facial skincare lines, and the bodycare lines *Nutribronze* and *Solar Expertise*.

Garnier recorded double-digit growth as it continued the global roll-out of its three flagship products: *Fructis*, *Nutrisse* and *Garnier Skin Naturals*.

Maybelline, boosted by the launch of *Lash Stylist* mascara and *Superstay* lipstick, made great strides forward in the United States.

The sales of the **Luxury Products Division** at the end of June grew by + 6.1 % like-for-like, and by + 9.4 % based on reported figures.

The strong growth seen in Western Europe confirms the rebound which began at the end of 2005.

The fragrance business is proving particularly dynamic. It is being driven by the success of the new fragrance *Armani Code Women* by Giorgio Armani, now one of the top 10 best selling perfumes in Europe, the encouraging start made by *Amor pour Homme* by Cacharel, and confirmation of the success of *Hypnôse* by Lancôme and *Polo Black* by Ralph Lauren.

The Division's performance has also been bolstered by skincare products, with the success of new launches such as Lancôme's *Bienfait Multivital* and *Blanc Expert XW* (specific to the Asian market), Biotherm's *Biofirm Lift*, and Helena Rubinstein's *Life Pearl Cellular*.

Active Cosmetics is continuing to achieve strong like-for-like growth at + 11.6 % and + 16.6 % based on reported figures. This growth across all zones reflects the launches made at the start of the year, such as *LiftActiv Pro Nuit* anti-wrinkle firmness skincare and *Normaderm Nuit* skincare from Vichy, *Redermic* anti-wrinkle skincare and *Tolériane Teint* from La Roche Posay, and the good start made by the sun protection products of both brands. Innéov sales are also growing strongly thanks to the new *Innéov Solaire*, the first sun preparation product to include Skin Probiotic.

Upturn in Western Europe confirmed

Professional Products achieved growth in all product categories in Western Europe, and sales trends for its American brands Redken and Matrix were extremely buoyant.

Consumer Products recorded a good first half, with growth in major countries such as Germany and France, driven by the success of *Elsève* in shampoo and haircare, whose growth rate was considerably higher than the market. Facial skincare products from Garnier and L'Oréal Paris also proved outstandingly successful.

The Luxury Products Division achieved strong growth thanks to the success of its perfumes, particularly during special "Mother's Day" promotional periods, and thanks to the success of *High Resolution* from Lancôme, particularly in France, Germany and Italy.

The favourable trend in Active Cosmetics sales is continuing, with a particularly good performance from La Roche Posay.

In **North America**, like-for-like sales growth amounted to + 3.8 %, with sales clearly gathering pace in the second quarter, despite some inventory reduction in most of the distribution channels.

The Consumer Products Division achieved high sales growth, reflecting the success of the *HIP* make-up line and *Natural Match* hair colourants from L'Oréal Paris, and also the continuing breakthrough of *Fructis* by Garnier, with the launches of *Body and Volume* shampoos and conditioners and *Pure Fixe Styling*. Maybelline won market share by capitalising on the success of *Superstay* lipstick, *Lash Stylist* mascara and the new *Pure* foundation.

The Professional Products Division enjoyed some major successes, with the launches of the new styling sprays and the *Shimmer One* hair colourant line by Redken, and of *Matrix for Men* haircare products. Kérastase is continuing to achieve very rapid sales growth in the high-end segment.

Growth in the Luxury Products Division was bolstered by the performance of Lancôme, in skincare, with its successful *Collaser* and *High Resolution* lines, and in perfumes, with *Hypnôse*. The launches of the women's fragrances *Ralph Hot* by Ralph Lauren and *Armani Code Women* were greeted with immediate success. The Active Cosmetics roll-out is continuing with the launch of Vichy in the north-east of the United States.

High growth in new markets

Growth in the Rest of the World amounted to + 12.0 % like-for-like and + 17.5 % based on reported figures.

Like-for-like sales growth in the **Asia zone** was + 6.3 %, driven by rapid expansion in China and Indonesia, despite a more contrasting situation in Japan.

Professional Products sales growth was double-digit, thanks to the excellent performance of hair colourants and the Kérastase brand.

The growth in sales of Consumer Products outstripped the expansion of the market, and was boosted by the success of the L'Oréal Paris brand in China and all the ASEAN countries, thanks in particular to *Revitalift* and *UV Expert* skincare products, and in China the launch of *Garnier Skin Natural* which will be more extensively distributed in the second half of the year.

Luxury Products sales are growing strongly in China thanks in part to the contributions of Biotherm and *Blanc Expert* from Lancôme. The Division continues to face a more competitive market in Japan.

The successful launch of *Lift Activ Pro* by Vichy is bolstering the growth of the Active Cosmetics department in this zone.

Sales growth in the **Latin America zone** increased strongly by + 16.2 % like-for-like, supported by good performances in major countries such as Brazil and Mexico, together with Argentina and Chile.

Professional Products is achieving rapid growth with the success of *Hi-Richesse* from L'Oréal Professionnel and the expansion of *Matrix* in Brazil and Chile.

There was a good first-half performance in Consumer Products, reflecting the remarkable success of *Elsève NutriGloss*, and the launches of *Combleur Collagène* skincare in the *DermoExpertise* range and of *XXL* mascara by Maybelline.

Sales of Luxury Products increased sharply, boosted by the success of *Hypnôse* from Lancôme, *LinePeel* and *Biofirm Lift* skincare from Biotherm Homme and the enthusiastic reception given to *Polo Black* by Ralph Lauren.

Active Cosmetics is continuing its rapid expansion, thanks in particular to the proven success of *Lift Activ Pro* by Vichy and *Redermic* anti-wrinkle skincare from La Roche Posay.

Sales in **Eastern Europe** grew by + 22 %, with rapid expansion in all divisions. This figure reflects the success of the main initiatives taken in the different markets: *Glam Shine Crystal* lipstick in L'Oréal make-up, the new *Nutri-Céramide* line from Elsève, *Body Summer* skincare from Garnier, and the Maybelline *Pure Make-up* range for younger consumers.

Luxury Products benefited from the excellent reception given to *Armani Code Women* perfume, which is ranked number one in all its markets.

The continuing advances made in hair salons by Matrix, and the success of the *Normaderm* range at Active Cosmetics are also worth noting.

In the **Other Countries**, like-for-like growth was + 8.9 %, as sales accelerated in the second quarter. Growth is very strong in the Middle East, but above all in India where very rapid sales growth has been underpinned by the Garnier brand in hair colourants with *Color Naturals* and in skincare with *Garnier Light*, and by the L'Oréal Paris brand in skincare and make-up with *Volume Shocking*.

Dermatology

The sales of the dermatology branch increased by + 7.9 % like-for-like and + 11.6 % based on reported figures. The sales growth of Galderma benefited from the success of the corticosteroid *Clobex*, the rosacea treatment *Metrogel* and the very promising start made by *Metvix*.

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